

**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY**

**FINANCIAL STATEMENTS
(AUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2015

KATHY IRWIN, DIRECTOR OF FINANCE AND ACCOUNTING



Dave Yost • Auditor of State

Board of Directors
Canton/Stark County Convention and Visitors Bureau
222 Market Avenue North
Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Canton/Stark County Convention and Visitors Bureau, Stark County, prepared by Julian & Grube, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Canton/Stark County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 31, 2016

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**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Canton/Stark County Convention & Visitors Bureau
Stark County
222 Market Avenue North
Canton, Ohio 44702

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Canton/Stark County Convention & Visitors Bureau, Stark County, Ohio, (a not-for-profit corporation), which comprise the statement of financial position, the related statements of activities and cash flows, as of and for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Canton/Stark County Convention & Visitors Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Canton/Stark County Convention & Visitors Bureau's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canton/Stark County Convention & Visitors Bureau, Stark County, Ohio, as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016, on our consideration of the Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
April 8, 2016

FINANCIAL STATEMENTS

**CANTON-STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

Assets:

Current assets:

Equity in cash and cash equivalents	\$	827,454
Accounts receivable - trade		6,497
Accounts receivable - Stark County		306,523
Prepayments		65,793
Inventory		2,678

Total current assets		1,208,945
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Investments		695,869
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Property & equipment:

Office equipment		92,212
Promotional equipment		145,720
Leasehold equipment		14,019
Less: Accumulated Depreciation		(144,439)

Net property & equipment		107,512
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Total assets	\$	2,012,326
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Liabilities:

Accounts payable - trade	\$	312,135
Accounts payable - Canton Regional Chamber of Commerce		2,510
Deferred revenue		25,463
Accrued vacation		21,368
Workers compensation		422

Total liabilities		361,898
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Net assets:

Investment in capital assets		107,512
Unrestricted		1,542,916

Total net assets		1,650,428
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Total liabilities and net assets	\$	2,012,326
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CANTON-STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Support and revenue:	
County hotel and motel excise tax	\$ 1,368,225
Event registration	13,524
Visitor Information Center - Airport participation	17,000
ExploreBoard Advertising	24,526
Other income	24,893
Investment income	20,978
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Total Support and revenue	1,469,146
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Expenses:	
Convention Department	257,205
Sports Promotion Department	328,128
Tourism Department	380,658
Visitors Information Center - Akron/Canton Airport	31,327
Fawcett Stadium commitment	300,000
General expenses	139,110
Loss on disposal-leasehold improvements	26,563
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Total expenses	1,462,991
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Operating Income	6,155
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Change in net assets	6,155
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Net assets at beginning of year	1,644,273
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Net assets at end of year	\$ 1,650,428
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CANTON-STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ 6,155
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	27,418
Loss on Disposal-Leasehold Improvements	26,563
Gain on Sale of Assets	(1,996)
(Gain) loss on investments at fair value	11,613
Interest revenue related to investments	(31,935)
Bank fees related to investments	1,625
(Increase) decrease in assets:	
Accounts receivable - trade	(2,259)
Accounts receivable - Stark County Auditor	(17,873)
Prepaid expenses	(27,612)
Increase (decrease) in liabilities:	
Accounts payable - trade	260,674
Accounts payable - Canton Regional Chamber of Commerce	(6,755)
Accrued vacation	1,829
Salaries payable	(1,519)
Workers Compensation	422
Deferred revenue	10,357
Total adjustments	<u>250,552</u>
Net cash provided by (used in) operating activities	<u>256,707</u>
Cash flows from capital and related financing activities:	
Proceeds from Sale of capital assets	9,300
Purchase of property and equipment	<u>(74,928)</u>
Net cash used in capital and related financing activities	<u>(65,628)</u>
Cash flows from investing activities:	
Sale of investments	<u>31,989</u>
Net cash provided by (used in) investing activities	<u>31,989</u>
Net increase (decrease) in cash and cash equivalents	223,068
Cash and cash equivalents at beginning of year	604,386
Cash and cash equivalents at end of year	<u><u>\$ 827,454</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Canton/Stark County Convention & Visitors Bureau (the "CVB") was organized in 1980 for the purpose of spotlighting Stark County as a travel and tourism destination through target market advertising efforts and the creation of fulfillment publications. The CVB also promotes the community as a successful meeting, convention and trade show destination. All levels of sporting events, statewide and nationwide, are actively solicited and secured by the CVB.

B. Affiliated Entity

The CVB is a department of the Canton Regional Chamber of Commerce (the "Chamber"). The CVB receives financial support from Stark County through revenues collected from a motel/hotel room tax. In order to ensure the observance of the limitations and restrictions placed on these funds, the activities of the CVB are reported separately from those of the Chamber. Transactions between the departments are for the reimbursement of direct expenses and are in the normal course of business.

The Chamber provides the CVB with the following, without cost: full bookkeeping services, auditing services by an outside certified public accounting firm, and rental of suitable office space (providing heat, light, air conditioning, water, waste disposal and janitorial services) at 12.5% below the established market price for such space. Also the Chamber provides insurance on the building and the contents of the CVB office, and bonding of all CVB employees up to \$50,000 per employee. Also provided is liability insurance for libel for all CVB employees. In addition, the CVB is entitled to use, without charge, at mutually agreeable times, various items of office equipment, audio visual equipment, photographic equipment, and furniture which the Chamber may have available from time to time. Also the CVB is entitled to use, without charge, the Chamber's meeting rooms, at mutually agreeable times. The CVB owed the Chamber \$2,510 at December 31, 2015.

C. Basis of Accounting

The financial statements of the CVB have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables and other liabilities.

D. Basis of Presentation

The CVB applies the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. In accordance with the Topic, the CVB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The CVB had no temporarily or permanently restricted net assets at December 31, 2015.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by donors is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

G. Fair Value

The carrying amount of financial instruments, including cash, accounts receivable and accounts payable approximated fair value due to the short maturity of these instruments.

H. Cash Equivalents

Cash equivalents consist of money market instruments with original maturities of three months or less. Cash equivalents are carried at cost, which approximates fair value.

I. Accounts Receivable

The CVB uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2015. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

J. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains or losses included in the combined statements of activities. Investment income which includes interest, dividends, net realized and unrealized gains or losses on fair value of investments and other investment income is reported in the period earned as increases in unrestricted net assets unless specifically restricted by the donor.

K. Property and Equipment

Property and equipment are valued at cost if purchased and fair value if contributed. Property and equipment over \$500 is capitalized. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. Leasehold improvements generally are depreciated over 20 to 45 years while office equipment, promotional items and vehicles are generally depreciated over 3 to 15 years. Depreciation expense for the year ended December 31, 2015 was \$27,418. They also incurred a loss on disposal of leasehold improvements of \$26,563.

L. Revenue Recognition

Revenue and expenses are recorded on the accrual basis. County motel/hotel room tax is recognized as earned in the period in which applicable tax receipts are collected.

**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Inventory

Inventory consists of supplies and is stated at the lower of cost or fair market value.

N. Income Taxes

As a department of the Chamber, the CVB is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except for advertising revenue and program administration fees which are subject to unrelated business income tax. There is no provision for unrelated business income taxes at December 31, 2015. The CVB's federal income tax returns for 2012, 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed. Management has evaluated the effect of accounting guidance regarding uncertain income tax positions and concluded the CVB's have no significant financial statement exposure to uncertain tax positions. The CVB's are not currently under audit by any tax jurisdiction.

O. Advertising Costs

Advertising costs are expensed as incurred and amounted to \$160,413 for the year ended December 31, 2015.

P. Contributed Services

A significant portion of the CVB's sporting events and programs are conducted by unpaid volunteers. The value of these contributed services is not reflected in the financial statements because these services do not meet the criteria for recognition.

Q. Functional Allocation of Expenses

The costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

R. Subsequent Events

Subsequent events have been evaluated through April 8, 2016, which is the date the financial statements were available to be issued.

S. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2015 are recorded as prepayments by recording a current asset for the prepaid amount at the time of the purchase and the expense in the year in which services are consumed.

**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - CONCENTRATION OF CREDIT RISK

The CVB maintains cash balances in banks which are insured by the Federal Deposit Insurance Corporation. The CVB's cash balances at times exceeded the federally insured limits.

The CVB receives a significant amount of revenue from the Stark County hotel and motel excise tax. At December 31, 2015, approximately 98% of the CVB's accounts receivable were due from Stark County for the motel/hotel room tax. Approximately 93% of the Bureau's support was provided from Stark County through revenues collected from motel/hotel room tax for the year ended December 31, 2015.

NOTE 3 - INVESTMENTS

Investments stated at fair value are summarized as follows at December 31, 2015:

Fixed Income	\$ 831
Mutual Funds	<u>695,038</u>
Total	<u>\$ 695,869</u>

NOTE 4 - INVESTMENT INCOME

Investment income is recorded in the aggregate on the statements of activities and consists of the following at December 31, 2015:

Interest and Dividend Income	\$ 32,592
Loss on Investments Reported at Fair Value	<u>(11,613)</u>
Total	<u>\$ 20,979</u>

NOTE 5 - LEASES

The CVB leases facilities on a month to month basis. Rental expense for operating leases consists of the following at December 31, 2015:

Office Space and Storage from the Chamber	<u>\$ 14,846</u>
Rental Expense	<u>\$ 14,846</u>

NOTE 6 - DEFERRED INCOME

The CVB received a \$25,000 grant in 2001 from the State of Ohio Department of Administrative Services. The grant is for capital improvements at the tourist information centers. The grant is recorded as deferred income until the capital improvements are completed. Amount available for future capital improvements was \$2,035 at December 31, 2015.

Additionally, in 2014 the CVB initiated an ExploreBoard advertising program in various hotels and other attractions around Canton and Stark County. The CVB had \$20,470 in deferred advertising revenue related to this program at December 31, 2015. Finally, the CVB had \$2,958 of miscellaneous deferred revenue at December 31, 2015.

**CANTON/STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 7 - RETIREMENT PLAN

The CVB employees participate in the Chamber's 401(k) defined contribution profit-sharing plan which covers substantially all full-time employees. Under this plan, the CVB will match employee contributions up to 3% of their gross wages. In addition, the CVB may make discretionary contributions to the plan. Charges to expense relating to the above plan amounted to \$21,790 for the year ended December 31, 2015.

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Canton/Stark County Convention & Visitors Bureau
Stark County
222 Market Avenue North
Canton, Ohio 44702

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Canton/Stark County Convention & Visitors Bureau, Stark County, Ohio, (a not-for-profit corporation), as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Canton/Stark County Convention & Visitors Bureau's financial statements and have issued our report thereon dated April 8, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Canton/Stark County Convention & Visitors Bureau's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Canton/Stark County Convention & Visitors Bureau's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Canton/Stark County Convention & Visitors Bureau

Compliance and Other Matters

As part of reasonably assuring whether the Canton/Stark County Convention & Visitors Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Canton/Stark County Convention & Visitors Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Canton/Stark County Convention & Visitors Bureau's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
April 8, 2016



Dave Yost • Auditor of State

CANTON/STARK COUNTY CONVENTION VISITORS BUREAU

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 14, 2016**